



# RULE-MAKING ORDER

## (RCW 34.05.360)

**CR-103** (7/22/01)

**Agency:** Insurance Commissioner

- ☒ Permanent Rule  
☐ Emergency Rule  
☐ Expedited Rule Making

**(1) Date of adoption:** October 23, 2002

**(2) Purpose:** RCW 48.31C requires Health Care Service Contractors and Health Maintenance Organizations to submit and file certain information with the Insurance Commissioner. This regulation will set forth the instructions, methods and forms by which this information will be filed with the Insurance Commissioner and further implement RCW 48.31C.

Insurance Commissioner Matter No. R 2001-08

**(3) Citation of existing rules affected by this order:**

Repealed:  
Amended:  
Suspended:

**(4) Statutory authority for adoption:** RCW 48.02.060, 48.31C, 48.44.050, 48.46.200,  
Other Authority:

**PERMANENT RULE ONLY (Including Expedited Rule Making)**

Adopted under notice filed as WSR 02-16-092 on 8/7/02 (date).

Describe any changes other than editing from proposed to adopted version: Section 284-18A-410 although entitled Disclaimers and termination of registration did not include a provision for seeking a termination of registration as the title implied. Consequently language has been added to this section which allows a health care service contractor or a health maintenance organization to seek a termination of its holding company registration.

**EMERGENCY RULE ONLY**

Under RCW 34.05.350 the agency for good cause finds:

- ☐ (a) That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- ☐ (b) That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

**(5.3) Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?:**

☐ Yes ☒ No If Yes, explain:

**(6) Effective date of rule:**

**Permanent Rules**

- ☒ 31 days after filing  
☐ Other (specify) \_\_\_\_\_ \*

\*(If less than 31 days after filing, specific finding in 5.3 under RCW 34.05.380(3) is required)

**Emergency Rules**

- ☐ Immediately  
☐ Later (specify) \_\_\_\_\_

**CODE REVISER USE ONLY**

**Name (Type or Print)**

Mike Kreidler

**Signature**

**Title**

Insurance Commissioner

**Date**

10/23/02

(COMPLETE REVERSE SIDE)

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.

**The number of sections adopted in order to comply with:**

<b>Federal statute:</b>	New	_____	Amended	_____	Repealed	_____
<b>Federal rules or standards:</b>	New	_____	Amended	_____	Repealed	_____
<b>Recently enacted state statutes:</b>	New	_____	Amended	_____	Repealed	_____

**The number of sections adopted at the request of a nongovernmental entity:**

New	_____	Amended	_____	Repealed	_____
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**The number of sections adopted in the agency's own initiative:**

New	<u>21</u>	Amended	_____	Repealed	_____
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

New	_____	Amended	_____	Repealed	_____
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**The number of sections adopted using:**

<b>Negotiated rule making:</b>	New	_____	Amended	_____	Repealed	_____
<b>Pilot rule making:</b>	New	_____	Amended	_____	Repealed	_____
<b>Other alternative rule making:</b>	New	_____	Amended	_____	Repealed	_____

## Chapter 284-18A WAC

### HEALTH CARE SERVICE CONTRACTOR AND HEALTH MAINTENANCE HOLDING COMPANY REGULATION

#### NEW SECTION

**WAC 284-18A-300 Forms--General requirements.** (1) Forms A, B, C, D, and E are intended to be guides in the preparation of the statements required by RCW 48.31C.020 through 48.31C.060. They are not intended to be blank forms which are to be filled in. These statements when filed shall contain the numbers and captions of all items, but the text of the items may be omitted provided the answers thereto are prepared in such a manner as to indicate clearly the scope and coverage of the items. All instructions, whether appearing under the items of the form or elsewhere therein, are to be omitted. Unless expressly provided otherwise, if any item is inapplicable or an answer is in the negative, an appropriate statement to that effect shall be made.

(2) Two complete copies of Form A, and one copy of Forms B, C, and D, and E, including exhibits and all other papers and documents filed as a part shall be filed with the commissioner by:

(a) Personal delivery to: Insurance Commissioner of the State of Washington, 5000 Capitol Blvd., Tumwater, WA 98501; or

(b) Mailed to: Insurance Commissioner of the State of Washington, Post Office Box 40259, Olympia, Washington 98504-0259.

At least one of the copies shall be manually signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of such power of attorney or other authority shall also be filed with the statement.

(3) Statements should be prepared on paper 8 1/2" x 11" in size and preferably bound at the top or the top left-hand corner. Exhibits and financial statements, unless specifically prepared for the filing, may be submitted in their original size. All copies of any statement, financial statements, or exhibits shall be clear, easily readable, and suitable for photocopying. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies. Statements shall be in the English language and monetary values shall be stated in United States currency. If any exhibit or other paper or

document filed with the statement is in a foreign language, it shall be accompanied by a translation into the English language and any monetary value shown in a foreign currency normally shall be converted into United States currency.

#### NEW SECTION

**WAC 284-18A-310 Forms--Incorporation by reference, summaries, and omissions.** (1) Information required by any item of Form A, Form B, Form D, or Form E may be incorporated by reference in answer or partial answer to any other item. Information contained in any financial statement, annual report, proxy statement, statement filed with a governmental authority, or any other document may be incorporated by reference in answer or partial answer to any item of Form A, Form B, Form D, or Form E provided such document or paper is filed as an exhibit to the statement. Excerpts of documents may be filed as exhibits if the documents are extensive. Documents currently on file with the commissioner which were filed within three years need not be attached as exhibits. References to information contained in exhibits or in documents already on file shall clearly identify the material and shall specifically indicate that such material is to be incorporated by reference in answer to the item. Matter shall not be incorporated by reference in any case where such incorporation would render the statement incomplete, unclear, or confusing.

(2) Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made as to the pertinent provisions of the document. In addition to such statement, the summary or outline may incorporate by reference particular parts of any exhibit or document currently on file with the commissioner which was filed within three years and may be qualified in its entirety by such reference.

NEW SECTION

**WAC 284-18A-320 Forms--Information unknown or unavailable and extension of time to furnish.** (1) Information required need be given only insofar as it is known or reasonably available to the person filing the statement. If any required information is unknown and not reasonably available to the person filing, either because obtaining the information would involve unreasonable effort or expense, or because it rests peculiarly within the knowledge of another person not affiliated with the person filing, the information may be omitted, subject to the following conditions:

(a) The person filing shall give such information on the subject as it possesses or can acquire without unreasonable effort or expense, together with the sources; and

(b) The person filing shall include a statement either showing that unreasonable effort or expense would be involved or indicating the absence of any affiliation with the person within whose knowledge the information rests and stating the result of a request made to such person for the information.

(2) If it is impractical to furnish any required information, document, or report at the time it is required to be filed, there may be filed with the commissioner a separate document:

(a) Identifying the information, document, or report in question;

(b) Stating why the filing at the time required is impractical; and

(c) Requesting an extension of time for filing the information, document, or report to a specified date. The request for extension shall be deemed granted unless the commissioner denies the request within sixty days of receipt.

#### NEW SECTION

**WAC 284-18A-330 Forms--Additional information and exhibits.** In addition to the information expressly required to be included in Form A, Form B, Form C, Form D, and Form E, there shall be added such further material information, if any, as may be necessary to make the information contained therein not misleading. The person filing may also file such exhibits as it may desire in addition to those expressly required by the statement. Such exhibits shall be so marked as to indicate clearly the subject matters to which they refer. Changes to Forms A, B, C, D, or E shall include on the top of the cover page the phrase: "Change No. (insert number) to" and shall indicate the date of the change and not the date of the original filing.

#### NEW SECTION

**WAC 284-18A-340 Definitions.** (1) "The act" means Holding Company Act for Health Care Service Contractors and Health Maintenance Organizations RCW 48.31C.010 through 48.31C.901.

(2) "Executive officer" means chief executive officer, chief operating officer, chief financial officer, treasurer, secretary, controller, and any other individual performing functions corresponding to those performed by the foregoing officers under whatever title.

(3) "Ultimate controlling person" means that person who is not controlled by any other person.

(4) Unless the context otherwise requires, other terms found in these regulations and in RCW 48.31C.010 are used as defined in RCW 48.31C.010. Other terminology is according to Title 48 RCW, or industry usage if not defined by Title 48 RCW.

NEW SECTION

**WAC 284-18A-350 Acquisition of control--Form A Statement filing.** A person required to file a statement under RCW 48.31C.030, shall provide the required information on Form A, hereby made a part of this regulation.

NEW SECTION

**WAC 284-18A-360 Amendments to Form A.** The applicant shall promptly advise the commissioner of any changes in the information so furnished on Form A arising after the date upon which the information was provided but prior to the commissioner's disposition of the application.

NEW SECTION

**WAC 284-18A-370 Annual registration of health carriers--Form B Statement filing.** (1) A health carrier required to file an annual registration statement under RCW 48.31C.040, shall provide the required information on Form B.

(2) The Form B must be filed within fifteen days after the health carrier becomes subject to registration, and annually on or before May 15th of each year for the previous calendar year.

NEW SECTION

**WAC 284-18A-380 Summary of registration--Form C Statement filing.** A health carrier required to file an annual registration statement under RCW 48.31C.040 is also required to furnish information required on Form C.

#### NEW SECTION

**WAC 284-18A-390 Amendments to Form B.** (1) An amendment to Form B shall be filed within fifteen days after the end of any month in which there is a material change to the information provided in the annual registration statement.

(2) Amendments shall be filed in the Form B format with only those items which are being amended reported. Each such amendment shall include at the top of the cover page "Amendment No. (insert number) to Form B for (insert year)" and shall indicate the date of the change and not the date of the original filings.

#### NEW SECTION

**WAC 284-18A-400 Alternative and consolidated registrations.** (1) Any authorized health carrier may file a registration statement on behalf of any affiliated health carrier or health carriers which are required to register under RCW 48.31C.040. A registration statement may include information not required by the act regarding any health carrier in the health carrier holding company system even if the health carrier is not authorized to do business in this state. In lieu of filing a registration statement on Form B, the registered health carrier may file a copy of the registration statement or similar report which it is required to file in its state of domicile, provided:

(a) The statement or report contains substantially similar information required to be provided on Form B; and

(b) The filing health carrier is the principal health carrier in the health carrier holding company system.

(2) The question of whether the filing health carrier is the principal health carrier in the health carrier holding company system is a question of fact and a health carrier filing a registration statement or report instead of Form B on behalf of an affiliated health carrier, shall set forth a brief statement of facts which will substantiate the filing health carrier's claim that it, in fact, is the principal health carrier in the health carrier holding company system.

(3) Any health carrier may take advantage of the provisions of RCW 48.31C.040 (7) or (8) without obtaining the prior



approval of the commissioner. The commissioner, however, reserves the right to require individual filings if he or she deems such filings necessary in the interest of clarity, ease of administration, or the public good.

#### NEW SECTION

**WAC 284-18A-410 Disclaimers and termination of registration.** A disclaimer of control or affiliation, or a request for termination of registration shall contain the following information:

(1) The number of authorized, issued, and outstanding voting securities of the health carrier;

(2) With respect to the person whose control is denied and all affiliates of such person, the number and percentage of shares of the subject's voting securities which are held of record or known to be beneficially owned, and the number of such shares concerning which there is a right to acquire, directly or indirectly;

(3) All material relationships and bases for affiliation between the health carrier and the person whose control is denied and all affiliates of such person;

(4) A statement explaining why such person should not be considered to control the health carrier.

#### NEW SECTION

**WAC 284-18A-420 Transactions subject to prior approval--Form D Notice filing.** A health carrier required to obtain the prior approval of the commissioner of a proposed transaction pursuant to RCW 48.31C.050, shall provide the required information on Form D, hereby made a part of these regulations.

#### NEW SECTION

**WAC 284-18A-430 Extraordinary dividends and other distributions.** (1) Requests for approval of extraordinary dividends or any other extraordinary distribution to shareholders or members shall include the following:

- (a) The amount of the proposed dividend or distribution;
- (b) The date established for payment of the dividend or distribution;
- (c) A statement as to whether the dividend or distribution is to be in cash or other property and, if in property, a description, its cost, and its fair market value together with an explanation of the basis for valuation;
- (d) A copy of the calculations determining that the proposed dividend or distribution is extraordinary. The work paper shall include the following information:
  - (i) The amounts, dates, and form of payment of all dividends or distributions (including regular dividends but excluding distributions of the health carriers own securities) paid within the period of twelve consecutive months ending on the date fixed for payment of the proposed dividend or distribution for which approval is sought and commencing on the day after the same day of the same month in the last preceding year;
  - (ii) The net worth of the health carrier as of the 31st day of December next preceding;
  - (iii) The net income of the health carrier for the twelve-month period ending the 31st day of December next preceding;
  - (iv) The net worth of the health carrier after payment of the dividend or distribution;
  - (v) The RBC level of the health carrier after payment of the dividend or distribution;
  - (e) A balance sheet and statement of income for the period intervening from the last annual statement filed with the commissioner and the end of the month preceding the month in which the request for dividend approval is submitted; and
- (2) Each registered health carrier shall report to the commissioner all other dividends and other distributions to shareholders within five business days following the declaration, and at least fifteen business days before payment, including the same information required by subsection (1)(a) and (d)(i) through (v) of this section.
- (3) The reporting of either dividends or distributions, or both, shall be made under the form in WAC 284-18A-960.

NEW SECTION

**WAC 284-18A-440 Confidential proprietary and trade secret information.** If the health carrier, applicant or other person filing information with the commissioner under chapter 48.31C RCW and this chapter, considers that some of the information being filed is confidential proprietary and trade secret information, then the person submitting the filing must clearly mark those portions of the filing that the person considers to be confidential proprietary and trade secret information as being confidential. The person making the filing shall also state the basis upon which the person considers the information to be confidential proprietary and trade secret information.

NEW SECTION

**WAC 284-18A-910 Form A.**

FORM A

STATEMENT REGARDING THE  
ACQUISITION OF CONTROL OF A DOMESTIC HEALTH CARRIER

Name of Domestic Health Carrier  
BY

Name of Acquiring Person (Applicant)  
Filed with the Insurance Commissioner of the State of Washington

Dated: \_\_\_\_\_.

Name, Title, Address, and Telephone Number of Individual to Whom Notices and Correspondence Concerning  
this Statement Should be Addressed:

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**ITEM 1. HEALTH CARRIER AND METHOD OF ACQUISITION**

State the name and address of the domestic health carrier to which this application relates and a brief description of how control is to be acquired.

**ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT**

(a) State the name and address of the applicant seeking to acquire control over the health carrier.

(b) If the applicant is not an individual, state the nature of its business operations for the past five years or for such lesser period as such person and any predecessors have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

(c) Furnish a chart or listing clearly presenting the identities of the inter-relationships among the applicant and all affiliates of the applicant. No affiliate need be identified if its total assets are equal to less than one-half of one percent of the total assets of the ultimate controlling person affiliated with the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing, indicate the type of organization (e.g. corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

### **ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT**

Furnish biographical information for (1) the applicant if (s)he is an individual or (2) all persons who are directors, executive officers or owners of ten percent or more of the voting securities of the applicant if the applicant is not an individual. Unless otherwise directed by the commissioner, the biographical information shall contain the information required by and be submitted in the format of the current NAIC Biographical Affidavit form.

### **ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION**

(a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

(b) Explain the criteria used in determining the nature and amount of such consideration.

(c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, he or she must specifically request that the identity be kept confidential.

### **ITEM 5. FUTURE PLANS OF HEALTH CARRIER**

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate such health carrier, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

### **ITEM 6. NONPROFIT HEALTH CARRIERS**

If the health carrier or person controlling the health carrier being acquired is a nonprofit corporation:

(a) Describe who the members of the corporation or person controlling the health carrier are and how they become or are selected as members of the corporation and how this may change as a result of the acquisition.

(b) Describe who has the authority or power to elect or appoint the board of directors, trustees or other governing body of the health carrier or person controlling the health carrier and how this may change as a result of the acquisition.

### **ITEM 7. FOR-PROFIT HEALTH CARRIERS**

If the health carrier being acquired is a for-profit person:

(a) State the number of shares of the health carrier's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was determined.

(b) State the amount of each class of any voting security of the health carrier which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

(c) Give a full description of any contracts, arrangements or understandings with respect to any voting security of the health carrier in which the applicant, its affiliates or any person listed in Item 3 is involved, including, but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of

proxies. Such description shall identify the persons with whom such contracts, arrangements or understandings have been entered into.

(d) Describe any purchases of any voting securities of the health carrier by the applicant, its affiliates or any person listed in Item 3 during the twelve calendar months preceding the filing of this statement. Include in such description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any such shares so purchased are hypothecated.

(e) Describe any recommendations to purchase any voting security of the health carrier made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the twelve calendar months preceding the filing of this statement.

(f) Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the health carrier for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

#### **ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS**

(a) Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

(b) The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding five fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors have been in existence), and similar information covering the period from the end of such person's last fiscal year, if such information is available. Such statements may be prepared on either an individual basis, or, unless the commissioner otherwise requires, on a consolidated basis if such consolidated statements are prepared in the usual course of business.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles. If the applicant is a health carrier or an insurer, the annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with statutory accounting principles as set forth in Titles 48 RCW and 284 WAC.

(c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the health carrier and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the health carrier, annual reports to the stockholders of the health carrier and the applicant for the last two fiscal years, and any additional documents or papers required by Form A or WAC 284-18A-300 or 284-18A-320.

#### **ITEM 9. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

##### **SIGNATURE**

Pursuant to the requirements of RCW 48.31C.030 has caused this application to be duly signed on its behalf in the City of \_\_\_\_\_ and State of \_\_\_\_\_ on the day of \_\_\_\_\_, \_\_\_\_\_.

(SEAL)

Name of Applicant

BY

(Name)

(Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached application dated , for and on behalf of (Name of Applicant); that (s)he is the (Title of Officer) of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature)

(Type or print name beneath)

NEW SECTION

**WAC 284-18A-920 Form B.**

FORM B

HEALTH CARRIER HOLDING COMPANY SYSTEM

ANNUAL REGISTRATION STATEMENT

Filed with the Insurance Commissioner of the State of Washington

BY

Name of Registrant

On Behalf of Following Health Carriers.

Name

Address

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Dated: \_\_\_\_\_.

Name, Title, Address, and Telephone Number of Individual to Whom Notices and Correspondence Concerning This Statement Should Be Addressed:

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**ITEM 1. IDENTITY AND CONTROL OF REGISTRANT**

Furnish the exact name of each health carrier registering or being registered (hereinafter called "the registrant"), the home office address and principal executive offices of each; the date on which each registrant became part of the health carrier holding company system; and the method(s) by which control of each registrant was acquired and is maintained.

## **ITEM 2. ORGANIZATIONAL CHART**

Furnish a chart or listing clearly presenting the identities of and interrelationships among all affiliated persons within the health carrier holding company system. The chart or listing should show the percentage of each class of voting securities of each affiliate which is owned, directly or indirectly, by another affiliate. If control of any person within the system is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing, indicate the type of organization (e.g., corporation, trust, partnership) and the state or other jurisdiction of domicile.

## **ITEM 3. THE ULTIMATE CONTROLLING PERSON**

As to the ultimate controlling person in the health carrier holding company system, furnish the following information:

- (a) Name.
- (b) Home office address.
- (c) Principal executive office address.
- (d) The organizational structure of the person, i.e., corporation, partnership, individual, trust, etc.
- (e) The principal business of the person.

(f) If the ultimate controlling person is a for-profit person, the name and address of any person who holds or owns ten percent or more of any class of voting security, the class of such security, the number of shares held of record or known to be beneficially owned, and the percentage of class so held or owned.

(g) If the ultimate controlling person is a nonprofit corporation, list the members of the corporation and the board of directors, trustees or other governing body of the corporation.

(h) If court proceedings involving a reorganization or liquidation are pending, indicate the title and location of the court, the nature of proceedings and the date when commenced.

## **ITEM 4. BIOGRAPHICAL INFORMATION**

Furnish biographical information for the executive officers and the directors, trustees or other governing body of the ultimate controlling person. Unless otherwise directed by the commissioner, the biographical information shall contain the information required by and be submitted in the format of the current NAIC Biographical Affidavit form.

## **ITEM 5. TRANSACTIONS AND AGREEMENTS**

Briefly describe the following agreements in force, and transactions currently outstanding or which have occurred during the last calendar year between the registrant and its affiliates (no information need be disclosed if such information is not material for purposes of RCW 48.31C.040):

(a) Loans, other investments, or purchases, sales or exchanges of securities of the affiliates by the registrant or of the registrant by its affiliates;

(b) Purchases, sales or exchanges of assets;

(c) Transactions not in the ordinary course of business;

(d) Guarantees or undertakings for the benefit of an affiliate which result in an actual contingent exposure of the registrant's assets to liability, other than insurance contracts entered into in the ordinary course of the registrant's business;

(e) All management agreements, service contracts and all cost-sharing arrangements;

(f) Reinsurance agreements;

(g) Dividends and other distributions to shareholders;

(h) Consolidated tax allocation agreements; and

(i) Any pledge of the registrant's stock or of the stock of any subsidiary or controlling affiliate, for a loan made to any member of the insurance holding company system.

The description shall be in a manner as to permit the proper evaluation by the commissioner, and shall include at least the following: The nature and purpose of the transaction, the nature and amounts of any payments or transfers of assets between the parties, the identity of all parties to such transaction, relationship of the affiliated parties to the registrant, the date of the transaction or agreement and the date the transaction or agreement was approved by the commissioner if such an approval was required.

#### **ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS**

A brief description of any litigation or administrative proceedings of the following types, either then pending or concluded within the preceding fiscal year, to which the ultimate controlling person or any of its directors or executive officers was a party or of which the property of any such person is or was the subject; give the names of the parties and the court or agency in which such litigation or proceeding is or was pending:

(a) Criminal prosecutions or administrative proceedings by any government agency or authority which may be relevant to the trustworthiness of any party thereto; and

(b) Proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company including, but not necessarily limited to, bankruptcy, receivership or other corporate reorganizations.

#### **ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS**

The health carrier shall furnish a statement that it has not entered into separate transactions with persons within the health carrier's holding company system which in the aggregate amount exceed the statutory threshold amounts which would have required the commissioner's prior approval or reporting to the commissioner.

#### **ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS**

(a) Financial statements and exhibits should be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

(b) The financial statements shall include the annual financial statements of the ultimate controlling person in the health carrier holding company system as of the end of the person's latest fiscal year.

If at the time of the initial registration, the annual financial statements for the latest fiscal year are not available, annual statements for the previous fiscal year may be filed and similar financial information shall be filed for any subsequent period to the extent such information is available. Such financial statements may be prepared on either an individual basis, or unless the commissioner otherwise requires, on a consolidated basis if such consolidated statements are prepared in the usual course of business.

The annual financial statements shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the ultimate controlling person and the results of its operations for the year then ended, in conformity with generally accepted accounting principles. If the ultimate controlling person is a health carrier or insurer, the annual financial statements of the ultimate controlling person shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the ultimate controlling person and the results of its operations for the year then ended, in conformity with statutory accounting principles as set forth in Titles 48 RCW and 284 WAC.

(c) Exhibits shall include copies of the latest annual reports to shareholders of the ultimate controlling person and proxy material used by the ultimate controlling person; and any additional documents or papers required by Form B or WAC 284-18A-300 and 284-18A-320.

#### **ITEM 9. FORM C REQUIRED**

A Form C, Summary of Registration Statement, must be prepared and filed with this Form B.

#### **ITEM 10. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of RCW 48.31C.040, the registrant has caused this annual registration statement to be duly signed on its behalf in the City of \_\_\_\_\_ and State of \_\_\_\_\_ on the day of \_\_\_\_\_.



(SEAL)

Name of Applicant

BY

(Name)

(Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached annual registration dated \_\_\_\_, \_\_\_\_\_, for and on behalf of (Name of Company); that (s)he is the (Title of Officer) of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature)

(Type or print name beneath)

NEW SECTION

**WAC 284-18A-930 Form C.**

FORM C

SUMMARY OF REGISTRATION STATEMENT

Filed with the Insurance Commissioner of the State of  
Washington

BY

Name of Registrant

On Behalf of Following Health Carriers

Name

Address

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Date: \_\_\_\_\_.

Name, Title, Address, and Telephone Number of Individual to Whom Notices and Correspondence Concerning  
This Statement Should Be Addressed:

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Furnish a brief description of all items in the current annual registration statement which represent changes from the prior year's annual registration statement. The description shall be in a manner that permits the proper evaluation by the commissioner, and shall include specific references to Item numbers in the annual registration statement and to the terms contained therein.

Changes occurring under Item 2 of Form B insofar as changes in the percentage of each class of voting securities held by each affiliate is concerned, need only be included where such changes are ones which result in ownership or holdings of ten percent or more of voting securities, loss or transfer of control, or acquisition or loss of partnership interest.

Changes occurring under Item 4 of Form B need only be included where: An individual is, for the first time, made a director or executive officer of the ultimate controlling person; a director or executive officer terminates his or her responsibilities with the ultimate controlling person; or in the event an individual is named president of the ultimate controlling person.

If a transaction disclosed on the prior year's annual registration statement has been changed, the nature of such change shall be included. If a transaction disclosed on the prior year's annual registration statement has been effectuated, furnish the mode of completion and any flow of funds between affiliates resulting from the transaction.

The health carrier shall furnish a statement that it has not entered into separate transactions with persons within the health carrier's holding company system which in the aggregate amount exceed the statutory threshold amounts which would have required the commissioner's prior approval or reporting to the commissioner.

## **SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of RCW 48.31C.040, the registrant has caused this summary of registration statement to be duly signed on its behalf in the City of \_\_\_\_\_ and State of \_\_\_\_\_ on the day of \_\_\_\_\_.

(SEAL)

Name of Applicant

BY

(Name)

(Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached summary of registration dated \_\_\_\_\_, \_\_\_\_\_, for and on behalf of (Name of Company); that (s)he is the (Title of Officer) of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature)

(Type or print name beneath)

NEW SECTION

**WAC 284-18A-940 Form D.**

FORM D

PRIOR NOTICE OF A TRANSACTION

Filed with the Insurance Commissioner of the State of Washington

BY

Name of Registrant  
On Behalf of Following Health Carriers

Name	Address
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Date: \_\_\_\_\_, \_\_\_\_\_.

Name, Title, Address, and Telephone Number of Individual to Whom Notices and Correspondence Concerning This Statement Should Be Addressed:


**ITEM 1. IDENTITY OF PARTIES TO TRANSACTION**

Furnish the following information for each of the parties to the transaction:

(a) Name.

(b) Home office address.

(c) Principal executive office address.

(d) The organizational structure, i.e., corporation, partnership, individual, trust, etc.

(e) A description of the nature of the parties' business operations.

(f) Relationship, if any, of other parties to the transaction to the health carrier filing the notice, including any ownership or debtor/creditor interest by any other parties to the transaction in the health carrier seeking approval, or by the health carrier filing the notice in the affiliated parties.

(g) Where the transaction is with a nonaffiliate, the name(s) of the affiliate(s) which will receive, in whole or in substantial part, the proceeds of the transaction.

## **ITEM 2. DESCRIPTION OF THE TRANSACTION**

Furnish the following information for each transaction for which notice is being given:

(a) A statement of the nature of the transaction.

(b) The proposed effective date of the transaction.

## **ITEM 3. SALES, PURCHASES, EXCHANGES, LOANS, EXTENSIONS OF CREDIT, GUARANTEES, OR INVESTMENTS**

Furnish a brief description of the amount and source of funds, securities, property or other consideration for the sale, purchase, exchange, loan, extension of credit, guarantee, or investment, whether any provision exists for purchase by the health carrier filing notice, by any party to the transaction, or by any affiliate of the health carrier filing notice, a description of the terms of any securities being received, if any, and a description of any other agreements relating to the transaction such as contracts or agreements for services, consulting agreements and the like. If the transaction involves other than cash, furnish a description of the consideration, its cost and its fair market value, together with an explanation of the basis for evaluation.

If the transaction involves a loan, extension of credit or a guarantee, furnish a description of the maximum amount which the health carrier will be obligated to make available under such loan, extension of credit or guarantee, the date on which the credit or guarantee will terminate, and any provisions for the accrual of or deferral of interest.

If the transaction involves an investment, guarantee or other arrangement, state the time period during which the investment, guarantee or other arrangement will remain in effect, together with any provisions for extensions or renewals of such investments, guarantees or arrangements. Furnish a brief statement as to the effect of the transaction upon the health carrier's net worth.

## **ITEM 4. LOANS OR EXTENSIONS OF CREDIT TO A NONAFFILIATE**

If the transaction involves a loan or extension of credit to any person who is not an affiliate, furnish a brief description of the agreement or understanding whereby the proceeds of the proposed transaction, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase the assets of, or to make investments in, any affiliate of the health carrier making such loans or extensions of credit, and specify in what manner the proceeds are to be used to loan to, extend credit to, purchase assets of, or make investments in any affiliate. Describe the amount and source of funds, securities, property, or other consideration for the loan or extension of credit and, if the transaction is one involving consideration other than cash, a description of its cost and its fair market value together with an explanation of the basis for evaluation. Furnish a brief statement as to the effect of the transaction upon the health carrier's net worth.

## **ITEM 5. REINSURANCE**

If the transaction is a reinsurance agreement or modification thereto, as described by RCW 48.31C.050 (2)(c), furnish a description of the known or estimated amount of liability to be ceded or assumed in each calendar year, the period of time during which the agreement will be in effect, and a statement whether an agreement or understanding exists between the health carrier and nonaffiliate to the effect that any portion of the assets constituting the consideration for the agreement will be transferred to one or more of the health carrier's affiliates. Furnish a brief description of the consideration involved in the transaction, and a brief statement as to the effect of the transaction upon the health carrier's net worth.

**ITEM 6. MANAGEMENT AGREEMENTS, SERVICE AGREEMENTS, AND COST-SHARING ARRANGEMENTS**

For management and service agreements, furnish:

- (a) A brief description of the managerial responsibilities, or services to be performed.
- (b) A brief description of the agreement, including a statement of its duration, together with brief descriptions of the basis for compensation and the terms under which payment or compensation is to be made.

For cost-sharing arrangements, furnish:

- (a) A brief description of the purpose of the agreement.
- (b) A description of the period of time during which the agreement is to be in effect.
- (c) A brief description of each party's expenses or costs covered by the agreement.
- (d) A brief description of the accounting basis to be used in calculating each party's costs under the agreement.

**ITEM 7. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of RCW 48.31C.050, the registrant has caused this notice to be duly signed on its behalf in the City of \_\_\_\_\_ and State of \_\_\_\_\_ on the day of \_\_\_\_\_, \_\_\_\_\_.  
(SEAL)

Name of Applicant

BY

(Name)

(Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached application dated \_\_\_\_\_, \_\_\_\_\_, for and on behalf of (Name of Company); that (s)he is the (Title of Officer) of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature)

(Type or print name beneath)

NEW SECTION

**WAC 284-18A-950 Form E.**

**FORM E**

PREACQUISITION NOTIFICATION FORM  
REGARDING THE ACQUISITION OF CONTROL OF A FOREIGN HEALTH  
CARRIER DOING BUSINESS IN THIS STATE

Name of Applicant

Name of Other Person  
Involved in the Acquisition

Filed with the Insurance Commissioner of the State of Washington

Dated: \_\_\_\_\_.

Name, title, address and telephone number of person completing this statement:

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**ITEM 1. NAME AND ADDRESS**

State the names and addresses of the persons who hereby provide notice of their involvement in a pending acquisition or change in corporate control.

**ITEM 2. NAME AND ADDRESSES OF AFFILIATED COMPANIES**

State the names and addresses of the persons affiliated with those listed in Item 1. Describe their affiliations.

**ITEM 3. NATURE AND PURPOSE OF THE PROPOSED MERGER OR ACQUISITION**

State the nature and purpose of the proposed merger or acquisition.

**ITEM 4. NATURE OF BUSINESS**

State the nature of the business performed by each of the persons identified in response to Item 1 and Item 2.

**ITEM 5. MARKET AND MARKET SHARE**

State specifically what market and market share the persons identified in Item 1 and Item 2 currently enjoy in this state. Provide historical market and market share data for each person identified in Item 1 and Item 2 for the past five years and identify the source of such data.

For purposes of this question, market means direct written premiums in this state for a line of business as contained in the annual statement required to be filed by health carriers licensed to do business in this state.

NEW SECTION

**WAC 284-18A-960 Dividends and distributions.**

**Notification of dividend or distribution to shareholders/members from Washington health carriers**

Company Name:

NAIC Code:

Date Mailed: \_\_\_\_/\_\_\_\_/\_\_\_\_

- 1A. Amount of dividend or distribution ..... \$
- 1B. How will dividend or distribution be paid \* (Circle one) ..... Cash / Property
- 2A. Date dividend or distribution was declared ..... \_\_\_\_/\_\_\_\_/\_\_\_\_
- 2B. Date dividend or distribution is to be paid ..... \_\_\_\_/\_\_\_\_/\_\_\_\_
- 3A. Dividends paid and distributions made within the previous 12 months from the date on Line 2B:

	<u>Date</u>	<u>How Paid*</u>	<u>Amount</u>
	____/____/____		\$ _____
	____/____/____		\$ _____
	____/____/____		\$ _____
	____/____/____		\$ _____
	____/____/____		\$ _____
3B. Total .....			\$ _____
*If noncash, describe the property to be distributed and the method used to determine its fair market value.			
4. Sum of Amounts of Lines 1A and 3B .....			\$ _____
5A. <b>Net Worth</b> as of the previous year-end .....			\$ _____
5B. 10% of Amount on Line 5A .....			\$ _____
6. <b>Net Income</b> as of the previous year-end .....			\$ _____
7. The Lesser of Line 5B or Line 6 .....			\$ _____
8. Lines 4 minus Line 7 .....			\$ _____
9A. If Line 8 is negative, Line 1A is ordinary dividend or distribution .....			_____
9B. If Line 8 is positive, Line 1A is extraordinary dividend or distribution .....			_____

If **9A** is checked, notification is required within 5 business days of dividend or distribution declaration and at least 15 business days prior to expected payment or distribution.

If **9B** is checked, including the above notification requirement, no payment can be made until: The later of (1) 30 days after sufficient notice or if notice is incomplete, then 15 days after receipt of additional information, or (2) 30 days after original receipt; or the commissioner has approved the payment within the 30-day period.

Please note that the payment of any dividend or distribution is prohibited if the payment would reduce the net worth of the health carrier below the greater of: (1) The minimum required by RCW 48.44.037 for a health care service contractor or RCW 48.46.235 for a health maintenance organization or (2) the company action level RBC under RCW 48.43.300 (9)(a).

**Certification:**

**President/Secretary**

**Date**